

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6068

BILL NUMBER: SB 26

NOTE PREPARED: Jan 26, 2015

BILL AMENDED: Jan 22, 2015

SUBJECT: Coverage of Prescription Eye Drops.

FIRST AUTHOR: Sen. Miller Patricia

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires that, beginning January 1, 2016, certain state employee health plans, policies of accident and sickness insurance, and health maintenance organization contracts must cover refills of prescription eye drops under specified conditions.

(The introduced version of this bill was prepared by the Interim Committee on Public Health, Behavioral Health, and Human Services).

Effective Date: July 1, 2015.

Explanation of State Expenditures: (Revised) The State Personnel Department (SPD) estimates the changes to the state employee health plan will increase plan costs between approximately \$4,000 and \$15,000 per year.

This increase may not necessarily imply additional budgetary outlays since the state's response to increased health benefit costs may include (1) greater employee cost-sharing in health benefits; (2) reduction or elimination of other health benefits; and (3) passing costs onto workers in the form of lower wage increases than would otherwise occur. It is unknown at this time if the state would cover the added costs or pass the costs on to employees.

Explanation of State Revenues: The changes in the bill governing refills and extra units of prescription eye drops could increase insurance premiums paid in the state. To this effect, the state could receive additional revenue from taxes paid on insurance premiums. Revenue received from the insurance premium tax is distributed to the General Fund. Actual increases in state revenue from insurance premiums are

indeterminable.

For FY 2014, the insurance premium tax collected approximately \$218.5 M in revenue.

Explanation of Local Expenditures: Local government units and school corporations that purchase private group insurance could also be affected by the provisions of this bill. If this bill increases local costs to purchase private group insurance plans, it is not known how much of the increased costs will be borne by the local government unit and by the participating individuals.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: School corporations; Local units of government.

Information Sources: Christy Tittle, SPD; Tyler Ann McGuffey, DOI.

Fiscal Analyst: Bill Brumbach, 232-9559.